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HONG KONG

*A Guide
for Canadian Exporters*



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External Affairs
Canada

Affaires extérieures
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(publié également en français)

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HONG KONG

A Guide for Canadian Exporters

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I. GENERAL

Historical Background

Hong Kong came into being soon after 1839, when the Chinese, concerned over the expanding opium trade, drove foreign interests from Canton, the principal foreign trading centre in China. The British community moved to Macao downstream from Canton, but since the Portuguese government could not guarantee their safety they sailed across the mouth of the Pearl River and took refuge in the harbour at Hong Kong. Subsequently, the British negotiated the cession of Hong Kong Island in perpetuity in 1842 by the Treaty of Nanking. It has been under British administration ever since, apart from the Japanese occupation during World War II.

The convention of Peking in 1860 provided for the addition of the Kowloon Peninsula to the colony. Then in 1898, the famous 99-year lease was signed, whereby Britain took possession of some 200 islands called the "New Territories". The Chinese government is expected to resolve the question of the validity of this lease in the near future, and to date, all indications point to a continuing Hong Kong administration of this territory beyond 1997.

Area and Geography

The British Crown Colony of Hong Kong is composed of three areas: Hong Kong Island, 78.12 sq. km; Kowloon Peninsula and Stonecutters Island, 11.23 sq. km; and the New Territories, 972.37 sq. km.

Hong Kong consists of 236 islands and islets, many waterless and uninhabited, and a portion of the Chinese mainland adjacent to the Pearl River estuary some 144 km south of Canton. The greater part of the land area consists of rugged and unproductive mountainous terrain.

Climate

Although Hong Kong lies just within the tropics, it enjoys an unusual variety of weather. The climate is

sub-tropical and monsoonal, with hot, humid summers and cool, dry, sunny winters. The mean daily temperature ranges from 14°C in February to 28°C in July. The average annual rainfall is 215.9 cm, three-quarters of which falls between May and September.

Population

Hong Kong's population is estimated at 5.5 million.

Principal Cities

The Colony of Hong Kong is divided into districts. Hong Kong Island, with a population of approximately one million, houses a large proportion of the expatriates. The financial community is concentrated in the Central District. It is divided from the Kowloon Peninsula by Hong Kong's Victoria Harbour, the principal *raison d'être* of the Colony. The principal tourist district faces Hong Kong Island and includes Tsimshatsui and the centre for garment trade. Development of the Colony now extends in pockets up to and beyond the border with China. All are linked by an underground railway (MTR) which commenced operation on February 12, 1980.

Local Time

Hong Kong time is 13 hours ahead of Eastern Standard time. When it is 9:00 a.m. in Ottawa, it is 10:00 p.m. the same day in Hong Kong.

Weights and Measures

Hong Kong is changing from imperial standard to metric measure.

Electricity

Electricity is supplied at 220 volts, single phase, 50 cycles AC and 346 volts, three phase, 50 cycles AC. There is no uniformity of plug designs.

Currency and Exchange Rate

The Hong Kong dollar, the legal tender, was floated in November 1974 and in December 1983, had an exchange value of HK \$6.02 to the Canadian dollar.

Public Holidays

New Year's Day— *January 1*

Chinese New Year (*three days*) — *January or February*

Good Friday — *March or April*

Easter Monday — *March or April*

Ching Ming Festival — *April 5*

Queen's Birthday — *June 9*

The Monday following the Queen's Birthday — *June*

Tuen Ng (Dragon Boat) Festival — *June*

The Saturday preceding the last Monday in August

Liberation Day — *August (last Monday)*

Day following Chinese Mid-autumn Festival — *September*

Chung Yeung Festival — *October*

Christmas Day — *December*

Boxing Day — *December*

The Commission for Canada in Hong Kong observes 11 statutory holidays annually, the selection of which changes from year to year.

Business Hours

Offices: 8:30 a.m. to 5:00 p.m.

(weekdays)

8:30 a.m. to 12:30 p.m.

(Saturday)

Department Stores: 10:00 a.m. to 6:30 p.m.

(Monday to Saturday)

Banks: 9:30 a.m. to 4:00 p.m.

(weekdays)

9:30 a.m. to 12:00 noon

(Saturday)

Language

Approximately 98 per cent of the population may be classified as Chinese on the basis of language and origin. Chinese and English are the two official languages. English, however, is the principal language of government and business. Among the Chinese population, the Cantonese dialect predominates and is used to a considerable extent in advertising.

For reference, Mandarin, not Cantonese, is the principal dialect of the People's Republic of China and Taiwan.

Government System

Hong Kong enjoys the status of a British Crown Colony and is administered by a governor (the personal representative of the Queen), an executive council, a legislative council and an urban council, with membership of all but the latter being on an appointed basis.

English common law prevails insofar as it is applicable to local circumstances.

II. ECONOMY AND FOREIGN TRADE

General

Hong Kong has a versatile and industrious labour force, a deep-water harbour and convenient geographical location, but virtually no natural resources.

Until the 1950s, the economy depended largely on the entrepot trade between China and the rest of the world which gave rise to excellent banking, shipping, warehousing and insurance facilities — vital factors in Hong Kong's continuing development as an industrial centre.

Today the Colony is regarded as one of the world's outstanding examples of free enterprise. Taxes are low; there is a minimum of foreign exchange restrictions; the labour force is skilled and hard-working. These factors, combined with an almost complete absence of red tape, have helped transform this trading community into a manufacturing centre of primary importance. With per capita income having surpassed U.S. \$3,000, residents now enjoy the second-highest standard of living in Asia (Japan ranks first).

Industry

Hong Kong's principal industries produce relatively sophisticated light consumer goods and light engineering products and components. The largest industrial sector, textiles and clothing, accounts for 41 per cent of all exports. Hong Kong's industries include textiles, clothing, electronics, plastic products, toys, watches and clocks. Seventy-five per cent of all workers are directly employed in manufacturing.

Significant growth sectors are plastic products (including toys and TV games) and electronics (transistor radios, calculators, watches and components), reflecting a trend in recent year to more capital-intensive manufacturing. Hong Kong has become the world's largest exporter of toys.

Other important light industries produce travel goods, handbags and similar articles; metal products; jewelry; domestic electrical equipment; and electrical machinery; apparatus and appliances.

Hong Kong's heavy industries include more than 20 shipbuilding and repair yards, an aluminum extrusion plant, a galvanizing (hot-dip) plant, steel rolling and processing mills, polystyrene and chlorine plants and two cement factories.

While the Colony has grown accustomed to an annual economic growth rate of more than 10 per cent, rising wages and land costs may force local manufacturers to diversify and improve both design and productivity to compete successfully with other low-cost producers in the region.

Tourism

Tourism is Hong Kong's second most important industry after textiles and clothing. Arrivals reached 2.5 million in 1981 — 10 per cent more than in 1980.

Transportation

Hong Kong's magnificent harbour is equipped to cater to all the requirements of modern shipping, including a number of container berths. The port of Hong Kong now handles the third-largest volume of containers in the world. Cargo is also handled by lighter servicing ships anchored in mid-harbour.

The strategic geographical location of Hong Kong has led to the creation of an international airport at Kai Tak with more than 950 scheduled weekly services operated by 30 international airlines.

In 1972, the cross-harbour vehicular tunnel was completed, linking the island to the mainland.

Hong Kong's Mass Transit System, a multibillion dollar project, began operation on February 12, 1980. There are only 1,227 km of road in Hong Kong, but the Colony has more than 277 vehicles per kilometre of roadway. This is believed to be the highest vehicular density of any territory in the world.

Agriculture and Fishing

Only some 80 km² can be classified as arable land, out of which some 3,730 hectares are farmed. Farmers comprise 1.36 per cent of the total economically active population of Hong Kong. The main types of crop farming carried out in Hong Kong are market gardening, flower growing, paddy cultivation, fruit growing and the cultivation of dryland field crops. In the livestock industry, the emphasis is on poultry, swine and dairy farming.

Fishermen comprise about 1.17 per cent of the total economically active population. The fishing vessel count conducted in 1982 showed a total of 4,700 vessels, of which 90 per cent are mechanized. The local fishing fleet continued to supply about 89 per cent of the total domestic demand.

Foreign Trade

As the local government does not compile national income accounts, export growth has become the most popular barometer of the Colony's economic well-being.

With a small domestic market, Hong Kong exports more than 90 per cent of its manufactured goods. Major overseas markets include North America and Western Europe, which account for three-quarters of domestic exports.

Constituting 20 to 25 per cent of total exports, entrepot trade is still important but is now concerned principally with trade to and from Southeast Asian countries that use Hong Kong facilities. The Colony is also used as a regional storage and distribution centre. It provides deepwater port facilities for South China where more than 500 joint-venture factories have been established by Hong Kong entrepreneurs. Hong Kong is also the principal export point for these products.

HONG KONG TRADE 1982

(Canadian \$ Million)

(Average Exchange Rate @ Canadian \$1.00 = HK\$5.00)

		Canada
Hong Kong Imports	28,579	242
Hong Kong Exports	16,606	527
Hong Kong Re-exports	8,871	71
	<hr/> 54,056	<hr/> 840

Main Imports

Textile yarn, fabrics and
made-ups

Electric and non-electric
machinery and appliances

Non-metallic mineral
manufactures

Scientific instruments (including
cameras and watches)

Foodstuffs

Non-ferrous metals

Paper and manufactures

Transport equipment

Plastic materials, regenerated
cellulose and artificial resins

Medicinal and pharmaceutical
products

Main Exports

Clothing and textiles

Plastic toys

Transistor radios

Watches

Footwear

Transistors

Household
equipment

Cameras

Telecommunications
and sound
recording and
reproducing
equipment and
apparatus

CHIEF SUPPLIERS IN 1982

	(Value: Canadian \$Million)	Per Cent
China	6,587	23
Japan	6,308	22.1
United States	3,091.8	10.8
Singapore	2,041.4	7.1
Taiwan	2,039.6	7.1
United Kingdom	1,378.4	4.8
Republic of Korea	911.4	3.2

CHIEF EXPORT MARKETS IN 1982

	(Value: Canadian \$Million)	Per Cent
United States	6,244.6	37.6
United Kingdom	1,437.4	8.7
Germany, Federal Republic	1,406.2	8.5
China	761.2	4.6
Japan	633.4	3.8
Australia	566.4	3.4
Canada	527.4	3.2

Source: Hong Kong Government Statistics

Canada/Hong Kong Trade

Canada is Hong Kong's twelfth-largest trading partner and ranks as the Colony's seventh-biggest market after the United States, Federal Republic of Germany, Britain, Japan, Australia and Singapore.

Canada-Hong Kong trade in 1982 totalled \$910 million (exports \$242 million; imports from Hong Kong \$669 million). Approximately one-quarter of Canadian exports to Hong Kong consists of manufactured products whereas the latter account for more than four-fifths of total Canadian imports from Hong Kong.

CANADIAN TRADE WITH HONG KONG (Canadian \$ Millions)

	Exports	Imports	Net Trade Balance
1972	21.1	105.0	- 83.9
1973	28.0	109.9	- 81.9
1974	40.2	134.8	- 94.6

1975	42.1	170.9	- 128.8
1976	58.7	284.6	- 225.9
1977	67.0	280.4	- 213.4
1978	98.0	331.5	- 233.5
1979	137.4	428.3	- 290.9
1980	183.0	458.8	- 275.8
1981	179.0	530.0	- 351.0
1982	242.6	668.9	- 426.3

CANADIAN TRADE WITH HONG KONG

Main Imports from Hong Kong (\$ Cdn Million)

	1982	1981	Percentage Change
Outerwear, except knitted	131.5	129.6	+ 1.5
Games, toys and children's vehicles	95.1	60.4	+ 57.5
Outerwear, knit	70.2	70.6	- 0.6
Watches, clocks, jewellery and silverware	58.7	54.5	+ 7.7
Miscellaneous equipment and tools	40.0	35.0	+ 14.3
Televisions, radios, phonographs	32.2	33.7	- 4.5
Other apparel and apparel accessories	27.4	33.3	- 17.7
Other end products, inedible	22.6	26.2	- 13.7
Other meat and meat preparations	16.8	12.9	+ 30.2
Other personal and household goods	15.1	18.1	- 16.6

Source: Statistics Canada

Main Exports to Hong Kong
(\$ Cdn Million)

	1982	1981	Percentage Change
Aluminum	64.8	16.2	+ 300
Nickel	19.9	18.4	+ 8
Synthetic Rubber and plastic materials	15.4	13.0	+ 18.5
Telecommuni- cations equipment and supplies	13.5	7.7	+ 75.3
Newsprint	12.4	10.2	+ 21.6
Oils, fats, waxes, extracts and derivatives	10.4	12.2	- 14.8
Pulp	9.8	13.3	- 26.3
Coal	7.8	0	0
Other oil seeds, nuts and kernels	5.7	5.5	+ 3.6
Tobacco	4.0	6.1	- 34.4

SOURCE: Statistics Canada

III. *DOING BUSINESS IN HONG KONG*

Opportunities for Canadian Products and Services

Hong Kong depends greatly on imports of all types, embracing all manner of goods — from raw materials and consumer items to technical know-how. Good opportunities exist for Canadian suppliers of the following products if prices are competitive with those of Japan, Australia, the United States and Western Europe.

Grains and Foodstuffs

- animal feeds (for poultry)
- margarine and cooking oils
- tinned and frozen vegetables
- animal by-products
- evaporated milk

Primary and Forestry Products

- non-ferrous metals
- newsprint
- kraft paper, fine paper, converting paper, envelopes

Chemicals

- plastics and synthetic resins
- biologicals
- pharmaceuticals

Textile Fabrics and Piece Goods

Electronics and Electrical Equipment

- commercial and consumer appliances
- electrical generation and distribution equipment
- electronic components and production equipment
- computer and data processing equipment

Machinery

- airport equipment
- pollution control equipment
- education equipment
- hotel and restaurant equipment and supplies
- boat accessories

- container port equipment
- specialized machinery
- low-cost automation machinery

Hong Kong also represents a sizable market for specialized engineering services and specialized computer software and systems.

Merchandising and Distribution

Public utilities and occasionally local industries and Hong Kong government departments import machinery and supplies directly. However, most business is conducted through agents or distributors.

Representation and Agents

More than 350 Canadian companies are represented or doing business in Hong Kong, mainly through local agents. When selecting an agent, it is advisable to consider the range of goods that will be exported and whether that agent can adequately promote them and support the product after sales. There is a wide variety of import houses in the Colony, from the long-established British trading firms, to a large number of predominantly Chinese-managed companies. Their capacities and capabilities vary greatly.

In appointing agents, care should be taken to ensure that conflicting agencies are not held or that the firm selected is not overcommitted and unable or unlikely to give the product the support necessary for market establishment, penetration and servicing. Because of the relatively small size of the Hong Kong market, appointment of agents is usually made on an exclusive basis.

Representation in Hong Kong is generally undertaken on a commission basis; the indent basis is a well-established practice. Some companies, in a variety of fields, purchase on their own account and resell as wholesalers, retailers or both. When local stocks are necessary, they may be held by the agent, the wholesaler or the retailer. In some lines, potential business will be too limited to warrant more than one outlet — not an uncommon situation. However, the commission agent/wholesaler/retailer pattern still dominates.

The Commercial Division of the Commission for Canada can recommend suitable and potentially inter-

ested agents for most Canadian products. Appointment for a trial period is recommended.

It should always be borne in mind that the degree of enthusiasm of the principal will exert considerable influence on how active the agent will be.

Advertising and Promotion

The usual facilities and media employed in Canada are also available in Hong Kong. In some cases, local distributors or agents receive an advertising appropriation from their principals for use over a stated period. The advertising of consumer goods is extensive.

Promotional literature in English is acceptable. The Canadian company's name and complete address, telephone and telex, if available, should be clearly marked on all catalogues and brochures.

There are a number of good advertising agencies in Hong Kong and Canadian exporters would do well to consult them before embarking on a comprehensive promotional campaign.

Status Information

Status reports on the suitability of local firms as representatives for Canadian manufacturers may be obtained from the Canadian Government Trade Commissioner, Commission for Canada, Hong Kong.

Price Quotations

Prices should be quoted c.i.f. Hong Kong. Hong Kong, United States or Canadian dollars are acceptable.

Usual Terms and Method of Payment

Payment performance of most of the established Hong Kong importers is good. Financial status can be checked through your bank or the Commercial Division of the Commission for Canada.

When dealing directly with local firms, payment by irrevocable letter of credit is usual until the customer becomes well-known to the exporter. However, a variety of credit terms is used by regular exporters who are in most cases represented locally and are

well informed on the current standing of their customers.

Debt Collection

As protection against a bad debt, export shipments should always be preceded by a credit investigation of the financial standing of the foreign buyer.

Legal procedures in Hong Kong are usually time-consuming, expensive and complicated. Recourse to litigation in the matter of debt collection should be used only when all other means of obtaining satisfaction have failed. Banks provide unofficial or informal assistance in such matters in their normal course of business. It is usually advisable to accept the settlement proposals of a reliable agent or banker.

Shipping Services to Hong Kong

By Sea — From Eastern Canadian Ports

Barber Blue Sea Lines *schedules two sailings per month from Saint John. Space for general cargo, bulk liquids and containers. Contact: Barber Steamship Lines*

(Montreal Office) 500, rue Saint-Jacques

(Toronto Office) 141 Adelaide Street West, Suite 1609

(Saint John Office) 167 Prince William Street

Japan Line *schedules seven sailings per month from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Westward Shipping Ltd.*

(Montreal Office) 276, rue Saint-Jacques

(Toronto Office) 1303-69 Yonge Street

"K Lines" *schedules three sailings per month from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo and containers. Contact: Kerr Steamships Canada Ltd.*

(Vancouver Office) 555 Burrard Street

(Montreal Office) 360, rue Saint-Jacques

(Toronto Office) 1075 Bay Street

(Saint John Office) 75 Prince William Street

(Halifax Office) 5161 George Street

Korea Shipping America Inc. *schedules sailings every two weeks from Saint John. Space for containerized cargo. Contact: Seabridge International Shipping Ltd.*

(Montreal Office) 620, rue Saint-Jacques

(Toronto Office) 11 Adelaide Street West

(Saint John Office) 221 Prince William Street

(Vancouver Office) 700 W. Pender Street

Mitsui O.S.K. Lines *schedules weekly sailings from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Montreal Shipping Inc.*

(Montreal Office) 360, rue Saint-Jacques

(Toronto Office) 11 King Street West

NYK Line *schedules weekly sailings from Saint John with transshipment via Japanese ports. Space for containerized general and refrigerated cargo.*

Contact: March Shipping Ltd.

(Montreal Office) 1400-360, rue Saint-Jacques

(Toronto Office) 159 Bay Street

Orient Overseas Container Line *schedules sailings weekly from Saint John. Space for containerized cargo. Contact: Dart Container Line Ltd.*

(Montreal Office) 1600, boulevard Dorchester ouest

(Toronto Office) 199 Bay Street

Y.S. Line *schedules weekly sailings from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo and containers.*

Contact: B & K Shipping Agency Ltd.

(Montreal Office) 465, rue Saint-Jean

(Toronto Office) 159 Bay Street

Zim Container Services *schedules two sailings per month from Halifax. Space for containerized general and refrigerated cargo. Contact: Zim Israel Navigation Co.*

(Montreal Office) 1010, rue Sherbrooke ouest

(Toronto Office) 199 Bay Street

(Halifax Office) Warren Containerships Agencies Ltd.,
1791 Barrington Street

By Sea — From Canadian Pacific Coast Ports

American President Lines *schedules four sailings per month from Vancouver. Space for general and refrigerated cargo, bulk liquids and containers. Contact:* American President Lines Canada Ltd.

(Vancouver Office) 355 Burrard Street, Suite 1818

Japan Line *schedules seven sailings per month from Vancouver with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact:* Westward Shipping Ltd.

(Vancouver Office) 1199 West Hastings Street, 5th Floor

"K" Line *schedules sailings every four to five days from Vancouver with transshipment via Japanese ports. Space for general cargo and refrigerated cargo and containers. Contact:* Kerr Steamships Ltd.

(Vancouver Office) 555 Burrard Street

EAC Lines *schedules three sailings per month from Vancouver. Space for general and refrigerated cargo, bulk liquids and containers. Contact:* Johnson Walton Steamships Ltd.

(Vancouver Office) 1201 West Pender Street

Mitsui O.S.K. Lines *schedules weekly sailings from Vancouver with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact:* Montreal Shipping Inc.

(Vancouver Office) 2810 Harbour Centre, 555 West Hastings Street

NYK Lines *schedules six sailings per month from Vancouver with transshipment via Japanese ports. Space for containerized general and refrigerated cargo and for bulk liquids. Contact:* Greer Shipping Ltd.

(Vancouver Office) 1619 Marine Building, 355 Burrard Street West

Orient Overseas Containers Line *schedules sailings every 10 days from Vancouver. Space for general cargo and containers. Contact:* Eckert Overseas Agency Canada Ltd.

(Vancouver Office) 555 Hastings Street West

Sea-Land Orient Line *schedules eight sailings per month from Vancouver. Space for general and refrigerated cargo and containers. Contact:* International

Sealand Shipping Services Ltd.
(Vancouver Office) 2010 Glen Drive

By Air

Four flights (two CP Air and two Cathay Pacific) per week from Vancouver constitute the direct air service between Canada and Hong Kong. Alternate routes are available via Seattle, San Francisco, Los Angeles and Manila.

From Toronto, several flights connect with CP Air direct service out of Vancouver. There are optional routes via Chicago, San Francisco, Los Angeles and London. Flights from Montreal connect with CP Air direct service from Vancouver as well as offering links via gateways such as New York, Chicago, Los Angeles, London and Rome.

Further information on shipping service from Canada to Hong Kong may be obtained from:

Transportation Services Division
Department of Regional Industrial Expansion
235 Queen Street
Ottawa, Ontario
K1A 0H5

Patents

There is no provision in the laws of Hong Kong for the original grant of patents, but patents granted in Britain may be registered under a Hong Kong ordinance provided application is made within five years of the date of issue of the British patent.

Trademarks

Trademarks can be registered under a local trademarks ordinance which is based substantially on the British Trademarks Act. Procedures for the registration of trademarks may be obtained from the Registrar General, Central Government Offices, West Wing, Hong Kong.

Copyrights

Copyright in Hong Kong is governed by the British Copyright Act of 1911, whereby copyright subsists automatically without the formality of registration.

Investment

Foreign investment is welcomed in Hong Kong, and while overseas concerns receive no preferential treatment from the government, limitations are not imposed on foreign participation.

Hong Kong's low taxation rates, abundant labour force and entrepot status have created a favourable investment climate which has attracted a high level of foreign investment, particularly from the United States and Japan.

In recent years, the Government of Hong Kong has shown increasing interest in attracting high-technology industries from abroad in order to expand the capabilities of local industries and generate additional employment. To assist foreign capital, the Government modified its industrial land policy to ensure that a scarcity of land does not deter newer industries.

IV. YOUR BUSINESS VISIT TO HONG KONG

There is no substitute for a personal visit. The successful exporter must sooner or later study his foreign markets firsthand. Hong Kong rightly deserves the often-used metaphor, "The Pearl of the Orient." The rugged beauty of Hong Kong Island, the "Old China" tranquility of the New Territories, the commercial frenzy of Kowloon and the magnificent panorama of the deep-water harbour all combine to make this British Crown Colony one of the most fascinating commercial centres in the world.

Services of the Trade Commissioner

The Commercial Division of the Commission for Canada is equipped to function as a liaison between Canadian firms and local business and industry. It actively seeks business opportunities for Canada and relays these to firms considered interested and capable. Potential buyers and sellers are introduced with guidance provided to each as required. Market surveys of reasonable proportions are conducted on behalf of Canadian firms; agents, distributors or other outlets may be recommended.

Assistance to Travellers to the People's Republic of China

Each of the State Trading Corporations of the People's Republic of China has an agent in Hong Kong whose primary responsibility is Chinese trade and commercial interests in the Colony and Southeast Asia. Appointments can be easily arranged by the Canadian Trade Commissioner in Hong Kong and many visiting Canadians call on these agents to discuss business prospects.

The Commission can also advise and assist Canadians en route to China. Travellers to the People's Republic require an invitation, a valid passport and a visa. Canadian businessmen should note that visas for

entry to China are not issued in Hong Kong and must be obtained from the Chinese Embassy in Ottawa.

Business information on South China can be obtained from the Commission through Mr. Ted Lipman, Trade Commissioner (South China).

Advise and Consult the Trade Commissioner

When planning your business visit to Hong Kong, you should contact the External Affairs representative at the nearest regional office of the Department of Regional Industrial Expansion. The regional office will be able to inform you of various federal programs and assist exporters. Then, you should advise the Commercial Division of the Commission for Canada in the Colony well in advance of your arrival. Inform it of the purpose of your visit and include several copies of product brochures. It is extremely helpful if you work out the c.i.f. prices on at least part of your product range. You should also list any contacts you may already have in the Hong Kong business community. With this information at his disposal, the Trade Commissioner will be pleased to arrange a tentative itinerary and make appointments on your behalf which you can confirm upon arrival.

When to Go

The best time to visit Hong Kong is during the winter. The tourist season peaks in the autumn and hotel reservations are hard to come by. Large numbers of visitors also pass through the Colony during the Canton Trade Fair, held semi-annually from April 15 to May 15 and October 15 to November 15. Canadian businessmen should avoid the Chinese New Year holiday period (late January or early February), as most Chinese establishments are closed.

How to Get There

CP Air operates two direct flights each week from Vancouver to Hong Kong via Tokyo and Cathay Pacific Airways operates two direct flights per week from Vancouver to Hong Kong. The economy fare from Ottawa to Hong Kong is approximately \$2,000 (Can) return and most businessmen plan stops in other

centres such as Tokyo, Taipei, Bangkok, Singapore, Manila, Jakarta and Kuala Lumpur.

The Colony is the centre of a network of routes covering the Far East and is well served by international airlines.

Travel in Hong Kong

Most journeys in the Colony are short, particularly on the island, where many business visits are easily made on foot.

On Hong Kong Island and in Kowloon, taxis are plentiful (except when it's raining), reliable and cheap. The Colony also has an efficient bus and tram service.

The cross-harbour tunnel provides a direct link between the island and the mainland. The Mass Transit (underground) Railway is now in operation and runs from the Central District on Hong Kong Island to Kwun Tong via Nathan Road. In addition, cross-harbour ferries make frequent crossings between Kowloon and Hong Kong, the most accessible being the Star Ferry, with service every few minutes until 11:30 p.m. Ferry service to outlying islands is also readily available.

The only railway in Hong Kong is the line that runs from Kowloon through the New Territories to Canton in China.

Most visitors to Hong Kong will enjoy a ride on the Peak Tram, a cable railway running up to the Peak District of the island and affording a breathtaking view of the harbour.

Jetfoils, hydrofoils and ferries operate a frequent service to the Portuguese province of Macao (the oldest European settlement in the Far East) situated across the mouth of the Pearl River about 72 km (45 miles) from Hong Kong.

Hotels

The Commission will be pleased to make reservations or recommend suitable hotels. Excellent facilities of international standard are available, but travellers are advised to book early, particularly for the fall season.

Up-to-date visitor information may be obtained from the Hong Kong Tourist Association.

Passports

A valid passport is necessary for entry into Hong Kong. Canadians do not need a visa for business-tourist visits of limited duration. Care should be taken to investigate visa requirements for onward travel from the Colony.

Travel Tips

Seasoned business travellers bring a number of useful business and other supplies. Among them are:

- company stationery (for writing thank-you notes, confirming appointments, etc.)
- business cards (although facilities are available for rapid printing if required)
- extra passport photos (for exit visas, etc.)
- small giveaways with firm's name printed on them.

Business Calls

A complete presentation on the first call is most important. This should include literature, specifications, samples if possible, and all the price, delivery and quality-control information a buyer needs to compare the seller's capabilities with his current sources. Many buyers keep up-to-date records on their suppliers and a favourable impression is made if a resumé, including the following, can be supplied at the time of the first visit:

- vendor's name, address and telephone number
- name, address and telephone number of local representative, if applicable
- date company established
- size of plant
- number of employees
- principal products
- location of plants
- description of production facilities and equipment
- transportation facilities
- approximate yearly sales volume

- three representative customers
- copies of advertisement published in Canada
- financial and credit rating.

Follow-Up

Appropriate follow-up can be crucial to the success of your business visit to Hong Kong. Thank-you notes, brochures and requested information should be quickly dispatched and regular contact maintained with the Trade Commissioner, representatives and important customers.

V. CUSTOMS AND EXCHANGE REGULATIONS

Canadian Export Documents

All Canadian exports must be accompanied by Canadian customs export form B-13. Canadian customs requires three copies at the time of exportation but it is wise to prepare at least five. Two numbered copies will then be returned to the exporter unless otherwise specified on the B-13. By doing this, the exporter avoids having to submit a form C-6 for additional certified copies of the B-13 should the goods be returned to Canada for any reason. Two numbered copies of the B-13 must always accompany the Canadian customs entry as proof of export.

B-13s may be obtained from the Canadian customs offices across Canada.

Hong Kong Import Licences

Import licences are required for few items. These include dutiable items (see "Customs Duties" below); military goods such as arms, ammunition and explosives; sugar, coffee, rice, frozen meat, frozen poultry; diamonds, gold, silver; and certain insecticides, plants and vaccines.

Customs Duties

Apart from relatively few items, Hong Kong is a free port.

Import duties are levied only on alcoholic beverages, tobacco, hydrocarbon oils, table waters and methyl alcohol; excise duties are imposed on these commodities when locally produced. Reduced duties are charged on tobacco and liquor of Commonwealth origin. Imported motor vehicles are subject to a first registration tax of 15 per cent of the c.i.f. value.

Imports must be manifested, and where appropriate, covered by an import licence. Importers are required to complete an import declaration form for statistical purposes. Parcel post imports require no documentation other than a standard Canadian customs declaration attached to the parcel.

There are no exchange controls in Hong Kong and all funds may be freely converted.

Documentation

Normal documents required by importers are commercial and certified invoices, packing lists, bills of lading or airway bills, and insurance certificates. Sanitary certificates are also required for certain goods.

Samples and Advertising Material

Goods which the Director of Commerce and Industry, Hong Kong Government, considers to be samples or advertising matter of no commercial value, and which are not for resale, are exempt from duty. Other samples carried by visitors may be liable to duty subject to normal customs formalities, bearing in mind that Hong Kong is a free port where small duties are levied only on tobacco, alcohol, etc.

Labelling

Goods classified as dangerous require special labelling. In addition, any food containing a preservative should be appropriately labelled.

Packing

As for similar overseas destinations, external packing must be able to withstand Hong Kong's semitropical conditions of heat and extreme humidity. Protective measures must be taken to prevent rusting of metal, mildewing of leather and textiles and degeneration of foodstuffs. Weatherproofed and greased wrappings for metal items and airtight containers for foodstuffs are important. Crates and boxes should be well made to withstand rough handling and discourage pilferage.

No special marks are required for Hong Kong shipments and shipping instructions marked on cases need not be in Chinese characters.

Insurance

There are numerous insurance companies of all types operating in Hong Kong. These firms employ qualified surveyors for the inspection of goods subject to insurance claims.

Further Details

Further details with respect to customs duties, import licensing, documentation regulations and exchange controls may be obtained from:

For Customs Enquiries

The Deputy Minister of National Revenue
Customs and Excise
Ottawa, Ontario
Canada K1A 0L5
Tel: (613) 593-5102
Telex: 053-3330 (CUSTEX OTT)

For Canadian Import Regulations

Office of Special Trade Relations
Department of External Affairs
235 Queen Street
10th Floor East
Ottawa, Ontario
Canada K1A 0H5
Tel: (613) 995-8356
Telex: 053-4123 (ITAC HQ A OTT)

For Health Label Inquiries

Department of Consumer and Corporate Affairs
Place du Portage Tower 1
50 Victoria Street
Hull, Quebec
(Mailing Address: Ottawa, Ontario
Canada K1A 0C9)
Tel: (819) 997-2938
Telex: 053-3694 (CCA HULL)

For Canadian Food and Drug Regulations

Department of Health and Welfare
Brooke Claxton Building
de la Colombine Boulevard
Tunney's Pasture
Ottawa, Ontario
Canada K1A 0K9
Tel: (613) 996-4950
Telex: 053-3270 (HWC OTT)

VI. SERVICES FOR EXPORTERS

Export Development Corporation

Of vital importance to Canadian businessmen is the Export Development Corporation (EDC), a Crown corporation that reports to Parliament through the Minister of International Trade. Its purpose is to encourage, facilitate and develop Canadian export trade by providing export credit insurance, guarantees, loans and other financial assistance to enable exporters to meet international competition.

The main functions of EDC are:

1. to insure the Canadian exporter against non-payment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks, copyrights, etc.;
2. to issue appropriate guarantees to chartered banks or to any person providing non-recourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;
3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and not available from commercial lenders. Major engineering and other technical services (*but not feasibility studies*) may be financed, even when such sales are not related to the export of goods; and
4. to insure Canadian investments abroad against non-commercial risks such as loss through confiscation, expropriation, war or revolution or the inability to repatriate capital or earnings.

EDC, which succeeded the Export Credits Insurance Corporation in October 1969, has its head office in Ottawa (*mailing address: P.O. Box 655, Ottawa, Ontario, Canada K1P 5T9*). Branch offices are located in Montreal, Toronto and Vancouver. EDC is also represented by regional offices of the Department of Regional Industrial Expansion in Halifax, Fredericton, Winnipeg, Regina and Edmonton.

Program for Export Market Development

In 1972, the Department of Industry, Trade and Commerce initiated the Program for Export Market Development (PEMD) which is designed to assist individual firms in their particular marketing endeavours. Briefly, financial assistance will be provided to cover:

1. pre-contractual and bidding costs for specific capital projects;
2. travel and related costs in market identification and market adjustment;
3. costs of individual participation in foreign trade fairs;
4. specified costs of bringing foreign buyers to Canada; and
5. the formation of export consortia.

PEMD-Food is for the exclusive use of companies and organizations in agriculture, fisheries and food products.

Applications should be submitted to:

Program for Export Market Development (TEP)
Department of External Affairs
Ottawa, Ontario
Canada K1A 0G2

Fairs and Missions

To encourage Canadian exporters in the development of foreign markets, the Office of Export Programs and Services, Department of External Affairs, Ottawa, administers the following promotional programs:

1. participation in trade fairs abroad;
2. trade missions to and from Canada;
3. in-store promotions, and point-of-sale displays; and
4. export-oriented technical training for buyers' representatives.

For more information, write to:

East Asia Trade Development Division (PET)
Department of External Affairs
Ottawa, Ontario
Canada K1A 0G2

Banking

There are seven Canadian banks with commercial banking licences in Hong Kong. They provide complete banking services:

Canadian Imperial Bank of Commerce

Asia Pacific Operations Office

The China Building
19th Floor
29 Queen's Road Central
Hong Kong
Tel: 5-258144/6

Bank of Montreal

Alexandra House
16th Floor
16-20 Chater Road
Hong Kong
Tel: 5-224182/8

The Bank of Nova Scotia

Pacific Regional - Hong Kong Extension Office
6th Floor Admiralty Centre
Tower 1
Harcourt Road
Hong Kong
Tel. 5-295511

The Royal Bank of Canada

Gloucester Tower
18th Floor
11 Pedder Street
Hong Kong
Tel: 5-214261

The Toronto-Dominion Bank

Hutchison House
Room 917-920
10 Harcourt Road
Hong Kong
Tel: 5-227189

Bank of British Columbia

3407 Gloucester Tower
Landmark
Hong Kong
Tel: 5-266677/8

National Bank of Canada *Regional office, Asia/Pacific*

4001 Connaught Centre
Connaught Place
Hong Kong
Tel: 5-237081

VII. USEFUL ADDRESSES

Commission for Canada

P.O. Box 20264

Hennessy Road Post Office

Asian House, 15th Floor

1 Hennessy Road Wanchai

Hong Kong

Tel: 5-282222/4

Telex: 73391

(DOMCA-HX 73391)

Cable: DOMCAN CANADIAN

CP Air, CP Rail

Swire House, Room 1702

Chater Road

Hong Kong

Tel: 5-248161

Air Canada, Canadian National Railways

Prince's Building

Room 1026

Chater Road

Hong Kong

Tel: 5-221001

Canadian Club of Hong Kong

G.P.O. Box 1587

Hong Kong

Canadian University Association

Sincere Building, Room 713

173 Des Voeux Road

Central

Hong Kong

Tel: 5-414261

Canadian Business Association in Hong Kong

G.P.O. Box 1587

Hong Kong

Hong Kong Trade Development Council

Connaught Centre

3rd Floor

Connaught Road Central

Hong Kong

Tel: 5-267922

Hong Kong Trade Development Council

347 Bay Street, Suite 1100

Toronto, Ontario

Canada

Regional Offices

If you have not marketed abroad before, you should contact a regional officer of the Department of External Affairs at one of the addresses listed below.

Newfoundland

P.O. Box 8950
Parsons Building
90 O'Leary Avenue
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-4884
Telex: 016-4749

Prince Edward Island

P.O. Box 1115
Confederation Court Mall
134 Kent Street
Charlottetown, P.E.I.
C1A 7M8
Tel.: (902) 566-7400
Telex: 014-44129

Nova Scotia

P.O. Box 1320
11th Floor, Queen Square
45 Alderney Drive
Dartmouth, Nova Scotia
B2Y 4B9
Tel.: (902) 426-2018
Telex: 019-22525

New Brunswick

P.O. Box 1210
Assumption Place
770 Main Street
Moncton, New Brunswick
E1C 8P9
Tel.: (506) 388-6400
Telex: 014-2200

Québec

Case postale 247
Pièce 3709, Tour de la
Bourse
800, place Victoria
Montréal, Québec
H4Z 1E8
Tel.: (514) 238-7907
Telex: 055-60768

Manitoba

P.O. Box 981
400 - 3 Lakeview Square
185 Carlton Street
Winnipeg, Manitoba
R3C 2V2
Tel.: (204) 949-4090
Telex: 075-7624

Saskatchewan

8th Floor
Bessborough Tower
601 Spadina Crescent
East
Saskatoon, Saskatchewan
S7K 3G8
Tel.: (306) 665-4400
Telex: 074-2742

Alberta

Suite 505
Cornerpoint Building
10179 - 105th Street
Edmonton, Alberta
T5J 3S3
Tel.: (403) 420-2944
Telex: 037-2762

British Columbia

P.O. Box 49178
Bentall Postal Station
Room 1101, Tower Four
Bentall Centre
1055 Dunsmuir Street
Vancouver
British Columbia
V7X 1K8
Tel.: (604) 666-1434
Telex: 04-51191

Northwest Territories

P.O. Bag 6100
Yellowknife
Northwest Territories
X1A 1C0
Tel.: (403) 873-6227

Ontario

P.O. Box 98

Suite 4840

1 First Canadian Place

Toronto, Ontario

M5X 1B1

Tel.: (416) 365-3737

Telex: 065-24378

Yukon

301-108 Lambert Street

Whitehorse, Yukon

Y1A 1Z2

Tel.: (403) 668-4655

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Canada